

## **FISCAL NOTE**

### **HB 2318 - SB 2572**

February 23, 2000

**SUMMARY OF BILL:** Requires the Tennessee Higher Education Commission to:

1. Establish and ensure that all postsecondary institutions cooperatively provide for an integrated system of postsecondary education and guard against inappropriate and unnecessary conflict and duplication by promoting transferability of credits and easy access of information among institutions.
2. Develop a university tract program within the University of Tennessee and the Tennessee Board of Regents systems that consist of 60 hours of general education and pre-major courses that can be transferred and applied to a Bachelor's Degree at the public universities. Successful completion of the university tract program shall meet the academic requirements for transfer to a public university as a junior. This bill would require by fall semester 2000 that the tract program be established for all majors and baccalaureate degree programs.

### **ESTIMATED FISCAL IMPACT:**

#### **Decrease State Expenditures:**

**From \$1,925,000 to \$3,850,000 FY01-02 and thereafter**

#### **Decrease State Revenues:**

**From \$825,000 to \$1,650,000 FY01-02 and thereafter**

Estimate assumes:

- Cost of developing a university tract program by THEC will be not significant.
- Average student transferring from a two-year to a four-year institution currently would be required to take from 6 to 12 additional credit hours.
- Approximately 3,989 students transferred in the fall of 1999 from a two-year to a four-year institution amounting to from 23,934 credit hours to 47,868 credit hours.
- Approximately 1,252 students transferred between four-year institutions in the fall of 1999 with approximately 600 of those students taking from 6 to 12 credit hours amounting to a range of 3,600 to 7,200 credit hours.
- Factoring the total credit hours (27,534 to 55,068) through the higher education funding formula provides a total estimated impact to higher education ranging from approximately \$2,750,000 to \$5,500,000.
- State appropriations are approximately 70% of higher education budgets.

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Therefore, the impact is estimated to be a decrease in state expenditures of approximately \$1,925,000 to \$3,850,000 reflected through reduced funding requirements under the higher education funding formula. This amount would be reflected in the FY01-02 appropriation recommendation based on fall 2000 enrollment figures. An amount of \$825,000 to \$1,650,000 is estimated to be decreased state revenues and consists of less student fees collected.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director